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# Keeping Farmers on the Land: Agritourism in the European Union

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## Keeping Farmers on the Land: Agritourism in the European Union

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A relatively small amount of arable land, high population density, and high land and labor costs in several E.U. countries make it difficult for many families to stay on farmland that has been handed down for generations. Direct government help is limited because the European Union is under pressure to reduce agricultural subsidies. As part of the policy package developed to address these issues, the European Union has created incentives for producers to add value to agricultural production by participating in agritourism.

### **E.U. POLICY INCENTIVES BOOST EFFORTS**

The E.U. policies that support agritourism are linked to efforts to market high-value foods based on a region's historical, cultural, and social traditions. These efforts include (1) geographical indications, which are protected within the European Union against production in any other region or country, (2) regional products, which are protected by a national government against production in any other part of that country, and (3) local products, which are linked to a local area's culture and history. The overall effect has been a gradual change in the way some E.U. farmers are using the land to produce and market agricultural products. E.U. member-states have followed suit by enacting complementary national policies to encourage agritourism as a method of revitalizing rural areas by increasing farm income, creating new jobs in rural communities, adding value to agricultural products, and diversifying the country's tourism sector.

Despite the many differences between E.U. and U.S. agriculture,



the E.U. approach to agritourism provides an interesting example of a policy package that encourages farmers to explore more than one alternative use for their land and output. Many of these policies favor younger producers, poorer regions, and less-favored areas where environmental restrictions limit production opportunities.

### **ITALIAN FARM VISITORS BRING CASH**

As a specific example, the Veneto region of Italy illustrates how some E.U. producers are incorporating agritourism into their farming operations while emphasizing high-value foods associated with the region and the local area. Located in northeastern Italy, the Veneto covers an area of 7,194 square miles of flatland (57 percent), hills (14 percent), and mountainous area (29 percent) and contains approximately 15,000 individual farms. Because the average farm size is 4.5 hectares (about 12 acres), producers must generate large per hectare returns to support one or more families without the need for off-farm employment.

Unlike the traditional system of transporting agricultural products to off-farm markets, agritourism brings customers to the farm. Veneto farmers who have included

agritourism in their farming operations are discovering that tourists are prepared to spend large amounts of money on vacations in rural areas. In addition to meals consumed on-site, tourists purchase locally produced wines, prepared meats, cheeses, jellies and jams, honey, baked goods, and crafts. In most cases, agricultural production remains the primary activity of the farm and agritourism is a secondary activity that adds value and marketing opportunities to the farm's crops and livestock production.

### **REGULATION KEEPS INDUSTRY IN CHECK**

In part because of economic incentives provided to producers and to address concerns of the hotel and restaurant sectors, agritourism in Italy is heavily regulated. Italian farmers can provide one of three levels of guest services: self-service snacks/light meals; full-service meals; or "farm holidays" that include meals, sleeping accommodations, and recreational opportunities. In addition to each of these services, the farm family can sell products to be consumed later.

For each level of service, a percentage of the items purchased by tourists must be produced on the farm. Farmers providing self-service

snacks/light meals must produce 51 percent of the products they sell to tourists. On farms providing full-service meals (sit-down meals served by wait staff), at least 60 percent of the products sold must be raised on the farm, 25 percent must be raised on farms in the local area, and up to 15 percent can be purchased commercially. Because of a short growing season and less diverse production potential, high-altitude farms have lower requirements for on-farm and regional production. Many farmers provide full-service meals only on weekends because weekends are the most popular days for tourism, the farmer receives an immediate supply of cash, and the family can devote weekdays to other farming activities.

Farmers providing farm holidays can host up to 30 overnight guests per night for a maximum of 160 days per year. Recreational activities for farm holidays include hiking, horse-back riding, exploring historical landmarks, wine-tasting classes, stomping grapes, and evening musical events. Statistics compiled by regional agritourism consortiums indicate that farm families generally host guests fewer than 160 days per year, in part to meet the labor demands for the rest of the farming operation.

Veneto farmers must obtain licenses to participate in agritourism. The farm operator must have two years of farming experience (also necessary to receive government funding), complete 100 hours of training, and pass an oral exam. The training includes courses on law, farm management, financial accounting, hygiene and sanitation, transporting and processing food products, and hospitality, all of which can be adapted to address specialty products of the area such as wines, cheeses, or fresh produce.

A limiting factor in Veneto agritourism is the cost of remodeling

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buildings to accommodate guests. For example, one Veneto family converted a dairy barn into a building that houses the farm's cheese-making facility and sales area, a restaurant, and guest rooms. The dairy operation was moved to a nearby facility. Although the Italian government provides grants for these projects, demand greatly exceeds funding. Statistics indicate that annual income from agritourism ranges from 50,000 to 270,000 (in addition to other farm-related income), so some farmers are able to recover their initial investment relatively quickly.

#### LINKAGES FORMED WITH CONSUMERS

Over the past five years, agritourism in Italy has increased by 25 percent, mostly because of the increase in the number of farms offering overnight accommodations. As noted, farmers are encouraged to promote traditional culture, social customs, and foods. The emphasis on traditional foods is enormously attractive in Italy, where eating and sharing meals historically has played an important social role. At the same time, linking agritourism to local production appeals to modern consumers interested in alternative and economical tourism options, more information about the origin of the foods they consume, environmental responsibility and animal welfare, and health and nutrition. Producers in the

Veneto appear to be responding to this consumer demand by slowly moving away from conventional agricultural production, as evidenced by the increasing number of farmers engaging in agritourism and producing high-value food products to sell to farm visitors.

#### U.S. PROSPECTS FOR AGRITOURISM

There are many obvious differences between the Veneto example and U.S. agriculture. U.S. producers do not have the same long history on which E.U. farmers are basing linkages to regional and local foods; most U.S. rural areas are much less densely populated; and the E.U. system is laden with bureaucracy, regulation, and paperwork that would not be welcomed by U.S. farmers. However, developing a system of agritourism that ties locally produced foods to regional history, culture, and traditions might provide new opportunities for younger farmers. And improved returns in marginal production areas may be an effective way to reinvigorate rural communities in some areas. Many U.S. communities already are working to develop these linkages. As an alternative market, agritourism will need only a limited number of producers to supply the crops, livestock, and specialty foods consumed by tourists.

However, even for a relatively small-scale change to occur, many U.S. producers likely will require agricultural policies that provide greater incentives and less risk before they are willing to produce niche crops and specialty foods, participate in agritourism, or provide products for other alternative markets that will lessen their dependence on conventional production methods and commodity markets. ♦